

Viewing Corporate Community Involvement as an Oikonomic (Mutually Beneficial) Practice – An S-D Logic Perspective

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Abstract:

The purpose of the paper is to propose a new conceptual model based on service-dominant logic foundational premises (FPs) and specifically the recently introduced eleventh FP based on institutions together combined with a detailed understanding of social norms (Vargo & Lusch 2016, Varman & Costa 2009). This model is then used to offer a new perspective on corporate community involvement (CCI) providing the potential to view CCI as an oikonomic practice. Primary case study research was undertaken as an illustrative example of the usefulness of the model in understanding one example of successful long term CCI from all actors perspectives. Key social norms that were used to sustain and develop the institutions required for value cocreation were identified from the various actors perspectives and similarities and differences explored in detail. The proposed model and case study findings offer potential new contributions to the CCI and the S-D logic literature.

WORKING PAPER:

Introduction

The introduction of service-dominant (S-D) logic into the marketing corpus in 2004 was seen by some scholars as a radical new logic that challenged and changed the foundations on which marketing knowledge had to date been built where as to others it has merely been seen as a welcome addition to the continually evolving field of marketing. Love or hate S-D logic as Brodie *et al.* (2011:77) state this perspective “...can be considered as an emerging paradigm or school of thought that provides the basis of a new research tradition.” With new traditions come new opportunities for both academic and practitioners to view certain marketing concepts and, or issues from a different perspective and the continued evolution of S-D logic (Vargo & Lusch 2016) offers academics the opportunity to develop some potentially interesting conceptual contributions to a broad range of areas both within and outside of the marketing field.

S-D Logic Evolution

In 2016 Vargo & Lusch added an 11th foundational premise (FP) and fifth axiom to their evolving foundational premises (2004, 2008), see Figure 1. This new FP focused on the importance of institutions and institutional arrangements when understanding value creation. As Vargo and Lusch (2016: 11) state:

“In S-D logic, these *institutions* – humanly devised rules, norms, and beliefs that enable and constrain action and make social life predictable and meaningful (Scott 2001; see also North 1990) – and higher-order, *institutional arrangements* – sets of interrelated institutions (sometimes referred to as “institutional logics”) – and the process and role of *institutionalization* are the keys to understanding the structure and functioning of service ecosystems”

Figure 1: S-Dominant Logic Foundational Premises & Axioms

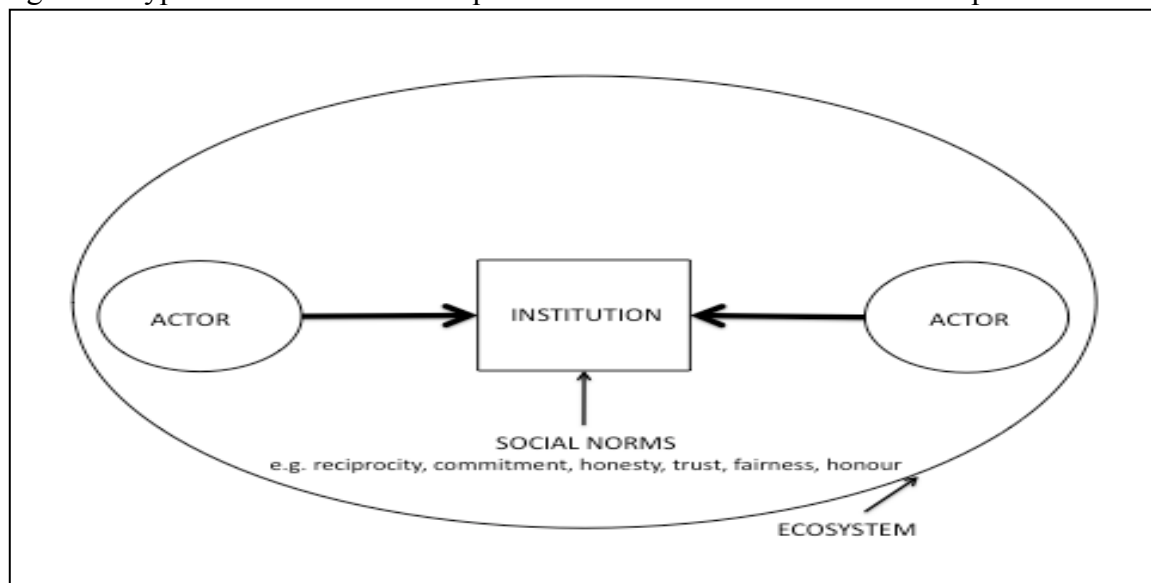
FP	Description	Axiom
FP1	Service is the fundamental basis of exchange	1
FP2	Indirect exchange masks the fundamental basis of exchange	
FP3	Goods are distribution mechanisms for service provision	
FP4	Operant resources are the fundamental source of strategic benefit	
FP5	All economies are service economies	
FP6	Value is co-created by multiple actors, always including the beneficiary	2
FP7	Actors cannot deliver value but can participate in the creation and offering of value propositions	
FP8	A service-centred view is inherently beneficiary oriented and relational	
FP9	All social and economic actors are resource integrators	3
FP10	Value is always uniquely and phenomenologically determined by the beneficiary	4
FP11	Value co-creation is coordinated through actor-generated institutions and institutional arrangements	5

Source: Adapted from Vargo & Lusch (2016: 8)

The identification that value is created in an ecosystem in which actors interact is clearly identified by Mars, Bronstein & Lusch (2012, p.274) who state that “organisational

ecosystems are comprised of diverse actors and organizations, which often enter into relationships and participate in exchanges based on a wide range of intentions.” The need to recognize, understand and satisfy the varied intentions of the different actors when participating in specific exchanges, especially when longer-term relationships are desired, is identified by Varman & Costa who recognized the need for the creation of viable communities for specific ecosystems to be sustained and value created from these communities maximized. As Varman & Costa (2008, p.114) state “...theorists have highlighted different aspects of communities, for example, consciousness, shared rituals, and moral responsibility (Muniz and O’Guinn 2001); local unity, social interaction, common bonds and values; boundary and shared symbols (Cohen 1985); and shared beliefs, commitment, and bonds (Selznick 1992). One of the central features of communities on which most of the conceptualizations converge is common values or norms.” Understanding these common norms may be key to sustaining the ecosystem in the long term and as Varman & Costa (2009,p.145-150) identify “...social embeddedness implies markets are nested in a larger social process and cannot be understood without adequate understanding of local communities. It is through social norms that embeddedness is manifest” and that “any community with its stable system of social ties involves integration or supportive beliefs and practices to show coherence to sustain the foundations of common life (Selznick 1992).” Varman & Costa (2009) identify six categories of different norms; reciprocity, commitment, honesty, trust, fairness and honour and these categories can be used to analyse the norms and values actors desire, aspire to and require when creating and sustaining institutions with other actors in the value creation process, see Figure 2.

Figure 2: Types of Social Norms Required of Institution Creation & Development



By identifying that marketing systems impact on cultural systems and that cultural systems impact marketing systems and the social norms created in this process a more balanced view can be taken of the ecosystem (Dixon 1984).

Potential Contribution to Corporate Community Involvement (CCI) Literature:

One of the potential contributions of S-D logic and the development of understanding of social norms in the creation and sustainment of institutions is to the corporate community

involvement (CCI) literature. Seitanidi & Ryan (2007, p.247) identify that "...the last 200 years have witnessed a gradual increase in the interactions between the profit and the nonprofit sectors (Gray, 1989; Young, 1999; Austin, 2000; Googins and Roachlin, 2000). This rise in interaction has seen the development of CCI which Madden, Scaife and Crissman (2006, p.4) state is "...the portfolio of activities through which a company engages with its community." CCI often takes the form of corporate philanthropy which can be defined as "...the voluntary business giving of money, time or in-kind goods, without any direct commercial benefit, to one or more organizations whose core purpose is to benefit the community's welfare." This potential lack of value maximization to all of the actors involved was contradicted by Stephenson (1996) who found a genuine concern for the cause to be the major motive for businesses to engage in community.

One potential way for all actors to gain maximum value out of CCI could be offered by S-D logic. By viewing CCI from a S-D logic perspective and understanding the various actors social norms and the value co-created between them actors could develop CCI to become a more oikonomic practice. Different types of wealth creation were identified from as early on as Aristotle who "...argues that the art of wealth-getting can be of two types: mistaken, negative chrematistics (i.e. commerce for the sake of wealth-accumulation), and natural chrematistics, which is subordinate to oikonomia (i.e. commerce that serves the purpose of good life within a household, community, or state)" (Kadirov, Varey & Wolfenden 2015, p.1). Serving the purpose of the ecosystem (household, community, state in Aristotle's definition) rather than just individual actor needs could potentially allow a more detailed understanding of what value is added, to whom and when and could potentially increase the viability of the ecosystem by maximizing the value of the cocreation produced for all actors involved. As Kadirov, Varey & Wolfenden (2015, p.2) state "...oikonomia (i.e. positive chrematistics) is defined as "the management of the household (community, systems, states), so as to increase its use value to all members of the household over the long run" [Daly and Cobb 1994, p.138]" The fact that "...institutions are not imposed externally. They arise as economic/social patterns that become "hardened" conventions within marketing systems as time passes (Berger and Luckmann 1966)" and that "...market economies are always embedded in institutions that are continually being socially constructed is enlightening" (Kadirov, Varey & Wolfenden 2015, p.5) allows S-D logic to offer some interesting insights into understanding both these institutions and the social norms formed to sustain them.

Research Methods

In order to explore this new conceptual understanding of social norms in practice a case study was used to collect empirical data. This case study involved one for profit organization, a bakery and tea shop, Cuthberts, who allowed their premises to be used for free to two voluntary organizations (Purlesque Knitters and Liverpool City Centre WI) in one city, Liverpool, in the UK. A workshop was set up comprising of thirty five participants from all three organisations. Focused groups were used to explore the social norms and institutions created by this specific example of CCI from both the for profit and non for profit perspective.

Initial Findings

Currently data is being analysed to understand the value added by the CCI from both the perspective of the for profit and the non for profit organizations. The categories of social norms proposed by Varman & Costa (2008), see Figure 2, contextualized from an S-D logic perspective have offered some interesting insights into what makes this institution viable and what each actor desires and contributes to the institution. By understanding the value added in

terms of social norms potentially offers a contribution to the CCI & S-D logic literature and has the potential for CCI to be viewed as an oikonomic practice.
Full data analysis will be completed by end of March 2016.

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